



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

September 6, 2001

Warren C. Ruppap, Executive Vice President
Independent Insurance Agents of Connecticut, Inc.
30 Jordan Lane
Wethersfield, CT 06109

Re: Enforcement of the federal Gramm-Leach-Bliley Act

Dear Mr. Ruppap:

Thank you for meeting with Insurance Commissioner Cogswell, Jon Arsenault, Kathleen Kiernan and me in July. I am writing to summarize our discussion regarding the Commissioner's enforcement of the federal Gramm-Leach-Bliley Act ("GLBA"). As we discussed, until further notice, licensees may rely on the guidance contained in the proposed Privacy of Consumer Financial Information regulation rejected without prejudice by the Legislative Regulation Review Committee on June 25, 2001 (the "proposed regulation") for GLBA compliance in Connecticut. To the extent a licensee conducts its business consistent with the proposed regulation, then for purposes of the Commissioner's enforcement of GLBA, the Insurance Department staff will not initiate administrative enforcement action against any such licensee.

We also discussed whether a licensed agent is exempt from all notice and opt out requirements pursuant to section 38a-8-106(17) of the proposed regulation if they disclose an individual's nonpublic personal information with licensed insurance companies to compare and quote prices, also known as "shopping policies."

As you may know, this issue is topical and is being discussed by the National Association of Insurance Commissioner (NAIC) Privacy Working Group with the intent of developing a uniform response among state regulators. The Insurance Department is monitoring the national discussion and considers agents to be exempt so long as they only share the nonpublic personal information with companies they represent.

Specifically, agents must comply with section 38a-8-106(17) of the proposed regulation. This section defines "licensee" and provides an exemption from "the notice and opt out requirements for nonpublic personal information" if the licensee:

- (A) Is an employee, agent or other representative of another licensee (the "Principal"); and
- (B) The principal otherwise complies with, and provides the notices required by, the provisions of the proposed regulation; and
- (C) The licensee does not disclose any nonpublic personal information to any person other than the principal or its affiliates in a manner permitted by this regulation.

When policies are "shopped" within the guidelines of this section, the individual whose information is shared will become a consumer of each of the licensed companies that receive the nonpublic personal information. That individual will be entitled to privacy and opt out notices from those companies if the companies wish to share that individual's protected financial information with non-affiliated third parties. This interpretation is supported by the National Association of Insurance Commissioner's *Frequently Asked Questions* regarding the NAIC Privacy of Consumer Financial and Health Information Model Regulation.

The information in this letter is predicated on the Connecticut Insurance Department re-submitting the proposed regulation to the Legislative Regulation Review Committee of the Connecticut State Legislature. Should a decision be made not to pursue the proposed regulation, the information in this letter would have to be reviewed in light of the changed circumstances.

This letter does not constitute advice or an opinion regarding any matters not within the jurisdiction of the Insurance Department. Because this is an informal letter and is not a formal declaratory ruling made pursuant to section 4-176 of the Connecticut General Statutes, the Insurance Department expressly reserves the right to reevaluate at a later date the positions set forth herein.

Very truly yours,


Leslie K. Wolfgang, Counsel

Cc: Insurance Commissioner Susan F. Cogswell

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